

Revenue Review Meeting

June 14, 2007

AGENDA

REVENUE REVIEW MEETING

June 14, 2007



- ❖ **OTHER AGENCY REVENUES**
- ❖ **2005-07 BIENNIUM**
- ❖ **2007-09 BIENNIUM**
- ❖ **BACKGROUND**
- ❖ **ADOPTION OF THE OFFICIAL FORECAST**

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2007 to March 2007 Forecast
2005-07 Biennium
(Amounts in Millions)

Source/Agency	March 2007 Baseline	Non-Economic Changes	Forecast Changes	June 2007 Baseline	Total Changes
Department of Licensing	\$41.3	\$0.0	\$0.1	\$41.4	\$0.1
Insurance Commissioner Insurance Premiums	\$492.5	\$0.0	-\$1.9	\$490.6	-\$1.9
Liquor Control Board Liquor Profits and Fees	\$100.0	\$0.0	-\$0.9	\$99.1	-\$0.9
Beer and Wine Surtax	\$4.2	\$0.0	\$0.0	\$4.2	\$0.0
Lottery Commission Lottery Revenue	\$9.5	\$0.0	\$0.0	\$9.5	\$0.0
State Treasurer Interest Earnings	\$161.7	\$0.0	\$5.6	\$167.2	\$5.6
Office of Financial Management Other Agencies	\$40.9	\$0.0	\$5.2	\$46.2	\$5.2
Total General Fund-State	\$850.0	\$0.0	\$8.1	\$858.1	\$8.1

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2007 Baseline to Alternative Forecasts
2005-07 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$42.0	\$41.4	\$40.7
Insurance Commissioner Insurance Premiums	\$496.8	\$490.6	\$484.4
Liquor Control Board Liquor Profits and Fees	\$100.1	\$99.1	\$98.1
Beer and Wine Surtax	\$4.3	\$4.2	\$4.2
Lottery Commission Lottery Revenue	\$9.5	\$9.5	\$9.5
State Treasurer Interest Earnings	\$167.2	\$167.2	\$167.2
Office of Financial Management Other Agencies	\$51.7	\$46.2	\$40.7
Total General Fund-State	\$871.5	\$858.1	\$844.7
Change from 06/07 Baseline	\$13.4		-\$13.4
Change from 03/07 Baseline	\$21.5	\$8.1	-\$5.2

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2007 to March 2007 Forecast
2005-07 Biennium
(Amounts in Millions)

Source/Agency	March 2007 Baseline	Non-Economic Changes	Forecast Changes	June 2007 Baseline	Total Changes
Department of Licensing	\$42.5	\$0.0	\$0.1	\$42.6	\$0.1
Insurance Commissioner Insurance Premiums	\$492.5	\$0.0	-\$1.9	\$490.6	-\$1.9
Liquor Control Board Liquor Profits and Fees	\$100.0	\$0.0	-\$0.9	\$99.1	-\$0.9
Beer and Wine Surtax	\$4.2	\$0.0	\$0.0	\$4.2	\$0.0
Lottery Commission Lottery Revenue	\$7.6	\$0.0	\$0.0	\$7.6	\$0.0
State Treasurer Interest Earnings	\$164.8	\$0.0	\$10.1	\$174.9	\$10.1
Office of Financial Management Other Agencies	\$40.9	\$0.0	\$5.2	\$46.2	\$5.2
Total General Fund-State	\$852.5	\$0.0	\$12.6	\$865.1	\$12.6

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2007 Baseline to Alternative Forecasts
2005-07 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$43.2	\$42.6	\$41.9
Insurance Commissioner Insurance Premiums	\$496.8	\$490.6	\$484.4
Liquor Control Board Liquor Profits and Fees	\$100.1	\$99.1	\$98.1
Beer and Wine Surtax	\$4.3	\$4.2	\$4.2
Lottery Commission Lottery Revenue	\$8.6	\$7.6	\$7.6
State Treasurer Interest Earnings	\$178.3	\$174.9	\$171.3
Office of Financial Management Other Agencies	53.2	46.2	39.2
Total General Fund-State	\$884.5	\$865.1	\$846.6
Change from 06/07 Baseline	\$19.3		-\$18.5
Change from 03/07 Baseline	\$32.0	\$12.6	-\$5.9

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2007 to March 2007 Forecast
2007-09 Biennium
(Amounts in Millions)

Source/Agency	March 2007 Baseline	Non-Economic Changes	Forecast Changes	June 2007 Baseline	Total Changes
Department of Licensing	\$44.2	\$0.0	\$0.6	\$44.8	\$0.6
Insurance Commissioner Insurance Premiums	\$544.9	\$1.9	-\$2.1	\$544.8	-\$0.1
Liquor Control Board Liquor Profits and Fees	\$96.2	-\$6.3	-\$8.5	\$81.4	-\$14.8
Beer and Wine Surtax	\$4.9	\$0.0	\$0.0	\$4.9	\$0.0
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$141.2	-\$1.1	\$27.3	\$167.3	\$26.2
Office of Financial Management Other Agencies	\$22.0	-\$28.4	\$1.3	-\$5.1	-\$27.2
Total General Fund-State	\$853.4	-\$33.9	\$18.6	\$838.1	-\$15.3

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2007 Baseline to Alternative Forecasts
2007-09 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$46.2	\$44.8	\$43.5
Insurance Commissioner Insurance Premiums	\$558.4	\$544.8	\$531.2
Liquor Control Board Liquor Profits and Fees	\$83.0	\$81.4	\$79.7
Beer and Wine Surtax	\$5.0	\$4.9	\$4.8
Lottery Commission Lottery Revenue	\$6.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$235.2	\$167.3	\$105.9
Office of Financial Management Other Agencies	\$7.4	-\$5.1	-\$17.6
Total General Fund-State	\$941.2	\$838.1	\$747.4
Change from 06/07 Baseline	\$103.1		-\$90.6
Change from 03/07 Baseline	\$87.8	-\$15.3	-\$105.9

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2007 to March 2007 Forecast
2007-09 Biennium
(Amounts in Millions)

Source/Agency	March 2007 Baseline	Non-Economic Changes	Forecast Changes	June 2007 Baseline	Total Changes
Department of Licensing	\$46.9	\$0.0	\$0.7	\$47.5	\$0.7
Insurance Commissioner Insurance Premiums	\$544.9	\$1.9	-\$2.1	\$544.8	-\$0.1
Liquor Control Board Liquor Profits and Fees	\$96.2	-\$6.3	-\$8.5	\$81.4	-\$14.8
Beer and Wine Surtax	\$4.9	\$0.0	\$0.0	\$4.9	\$0.0
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$138.8	-\$1.1	\$23.9	\$161.5	\$22.7
Office of Financial Management Other Agencies	\$22.0	-\$28.4	\$1.3	-\$5.1	-\$27.2
Total General Fund-State	\$853.6	-\$33.9	\$15.2	\$834.9	-\$18.7

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2007 Baseline to Alternative Forecasts
2007-09 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$48.9	\$47.5	\$46.1
Insurance Commissioner Insurance Premiums	\$558.4	\$544.8	\$531.2
Liquor Control Board Liquor Profits and Fees	\$83.0	\$81.4	\$79.7
Beer and Wine Surtax	\$5.0	\$4.9	\$4.8
Lottery Commission Lottery Revenue	\$10.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$229.4	\$161.5	\$100.0
Office of Financial Management Other Agencies	8.9	-5.1	-19.1
Total General Fund-State	\$943.6	\$834.9	\$742.7
Change from 06/07 Baseline	\$108.7		-\$92.2
Change from 03/07 Baseline	\$89.9	\$15.2	-\$110.9

Summary of Changes to the General Fund-State Cash Forecast

Comparison of the June 2007 and the March 2007 Forecasts

2005-07 and 2007-09 Biennia

Millions of Dollars

	March 2007 Forecast ¹	June 2007 Forecast Change	<u>June 2007 Non Economic Changes</u>		June 2007 Forecast	Total Change
			Legislation & Budget driven Rev. ²	Other Non-economic ³		
2005-07 Biennium	\$27,510.1	\$195.1	\$0.0	\$0.0	\$27,705.2	\$195.1
2007-09 Biennium	\$29,515.5	\$331.4	(\$19.3)	(23.6)	\$29,804.0	\$288.5
Total Change: 05-07 & 07-09 Biennia		\$526.6	(\$19.3)	(\$23.6)		\$483.6

1: Adopted by the Forecast Council in March 2007.

2: Impact of 2007 legislation and budget driven revenue.

3: Impact GFS share of tobacco products settlement.

Office of the Forecast Council

Changes to the General Fund-State Cash Forecast-by Agency
Comparison of the June 2007 to the March 2007 Forecast
2005-07 Biennium
Millions of Dollars

	<u>March 2007 Forecast¹</u>	<u>June 2007 Forecast Change</u>	<u>June 2007 Non-economic Changes</u>	<u>June 2007 Forecast</u>	<u>Total Change*</u>
Department of Revenue	\$26,660.1	\$187.0	\$0.0	\$26,847.1	\$187.0
All other Agencies	\$850.0	\$8.1	\$0.0	\$858.1	\$8.1
Total General Fund-State*	\$27,510.1	\$195.1	\$0.0	\$27,705.2	\$195.1

*Detail may not add to totals due to rounding.

1: Adopted by the Forecast Council in March 2007

Department of Revenue General Fund Forecast
2005-07 Biennium; Cash Forecast
Comparison of the June 2007 to the March 2007 Forecast
Millions of Dollars

Source	March 2007 Forecast¹	Non-Economic Change	Forecast Change	June 2007 Baseline	Total Change
Retail Sales	\$14,107.4	\$0.0	\$64.5	\$14,171.9	\$64.5
Business & Occupation	5,015.3	0.0	30.4	5,045.7	30.4
Use	970.4	0.0	8.3	978.7	8.3
Public Utility	669.4	0.0	13.5	682.9	13.5
Tobacco Products	14.3	0.0	0.1	14.4	0.1
Penalty & Interest	283.0	0.0	9.3	292.3	9.3
Revenue Act Subtotal	21,059.8	0.0	126.1	21,185.8	126.1
Liquor Sales/Liter	283.0	0.0	(1.2)	281.8	(1.2)
PUD Privilege	79.9	0.0	(1.2)	78.7	(1.2)
Cigarette	103.9	0.0	(0.4)	103.6	(0.4)
Property (State School Levy)	2,795.1	0.0	(7.6)	2,787.5	(7.6)
Inheritance/Estate	7.3	0.0	2.7	10.0	2.7
Leasehold Excise	45.6	0.0	0.5	46.2	0.5
Fish Excise	4.4	0.0	(0.1)	4.3	(0.1)
Real Estate Excise	1,923.0	0.0	70.1	1,993.2	70.1
other	340.6	0.0	(1.5)	339.2	(1.5)
Non Revenue Act Subtotal	5,583.0	0.0	61.4	5,644.4	61.4
State Share- Timber Ex.	17.4	0.0	(0.5)	16.9	(0.5)
Total DOR General Fund	\$26,660.1	\$0.0	\$187.0	26,847.1	\$187.0

1-Adopted by the Forecast Council in March 2007.

June 2007

Cash Basis

Alternative Forecasts

2005-07 Biennium

Millions of Dollars

	<u>2005-07 Biennium</u>	<u>Difference From the June 2007 Baseline</u>
June 2007 Baseline (55%)	\$27,705	
June 2007 Alternative Forecasts		
Optimistic (20 %)	\$27,802	\$97
Pessimistic (25 %)	\$27,608	(\$97)
GCEA*	\$27,687	(\$18)

* Based on the Governor's Council of Economic Advisors Assumptions.

General Fund-State Cash Forecast
Summary of June 2007 Changes to GFS Forecast
2005-07 Biennium
Millions of Dollars

	Collection Experience: March 11 -June 10, 2007			Remainder of the Biennium (6/11/2007 - 6/30/07)		Total Change 2005-07 Biennium
	<u>Actual Variance*</u>	<u>Special Factors</u>	<u>Variance Excluding Special Factors</u>	<u>Forecast Change</u>	<u>Other</u>	
Revenue Act**	\$92.5	11.0	¹ \$81.5	33.6		\$126.1
Non Revenue Act	\$191.3	190.0	\$1.3	(7.4)	(123.0)	\$60.9
Property tax	\$121.4	123.0	² (\$1.6)	(6.1)	(123.0) ³	(\$7.6)
Real estate ex. tax	\$64.3	67.0	¹ (\$2.7)	5.9		\$70.1
Cigarette	(\$0.1)		(\$0.1)	0.1		\$0.0
other	\$5.7		\$5.7	(7.3)		(\$1.6)
Department of Revenue Subtotal	\$283.8	\$201.0	\$82.8	\$26.2	(\$123.0)	\$187.0
Department of Licensing	\$1.0		\$1.0	(\$0.9)		\$0.1
Lottery	0.0		\$0.0	\$0.0		\$0.0
All other	#N/A		#N/A	\$8.0	0	\$8.0
Total General Fund-State	<u>\$284.8</u>	<u>\$201.0</u>	<u>\$83.8</u>	<u>\$33.3</u>	<u>(\$123.0)</u>	<u>\$195.1</u>

*Variance since the last (March 2007) forecast (March 11 - June 10, 2007.)

**Retail sales, business & occupation, use, public utilities and tobacco products taxes and penalties & interest.

¹ Unusually large audit payments and real estate excise tax payments.

² Early payment of property taxes

³ Offset of early property tax payment.

**2005-07 with 2007 Supplemental Budget, and
2007-09 Enacted Budget Balance Sheet
General Fund-State**

Dollars in Millions

	2005-07	2007-09
RESOURCES		
Beginning Fund Balance	869.7	786.3
March 2007 Forecast	27,510.1	29,515.5
June 2007 Update	195.1	331.4
2007 Legislation and Budget Driven Revenue Impacts		(19.3)
Smokeless Tobacco Settlement		(23.6)
Current Revenue Totals	27,705.2	29,804.0
Legislatively Enacted Fund Transfers and Other Adjustments	204.8	42.6
Prior Period adjustments	(6.6)	0.0
Spillover to the Emergency Reserve Fund (ERF)	(222.3)	0.0
Transfer to Budget Stabilization Account *		(134.3)
Total Resources (including beginning fund balance)	28,550.8	30,498.6
EXPENDITURES		
2005-07 Appropriations	27,297.9	
2007 Supplemental Budget	466.6	
2007-09 Final Legislative Budget		29,624.1
Governor's vetoes		(1.2)
	27,764.5	29,622.9
RESERVES		
Projected General Fund Ending Balance	786.3	875.7
Emergency Reserve Fund Beginning Balance	4.2	226.5
New Deposits	222.3	0.0
Transfer To Budget Stabilization Account	0.0	(226.5)
Projected Emergency Reserve Fund Ending Balance	226.5	0.0
Budget Stabilization Account Beginning Balance *	0.0	0.0
Transfer To Budget Stabilization Account (From ERF)	0.0	226.5
New Deposits	0.0	134.3
Projected Budget Stabilization Account Ending Balance	0.0	360.8
Total Reserves (General Fund plus Budget Stabilization)	1,012.8	1,236.5

* The 2007 Legislature passed Engrossed Substitute Senate Joint Resolution 8206 and ESSB 5311, which create this new Budget Stabilization Account, subject to a vote of the people in November 2007.

Track Record for the 2005-07 General Fund-State Cash Forecast

February 2004 through June 2007

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2004****	\$24,293	\$660				\$24,953
Changes to Forecast						
June 2004	57	4	62	(265) #1	(203)	24,750
September 2004	32	16	48	(22) #2	26	24,776
November 2004	(57)	3	(54)	0	(54)	24,722
March 2005	424	14	438	(275) #3	164	24,885
June 2005	327	14	341	159 #4	499	25,385
September 2005	631	15	646	0	646	26,031
November 2005	306	24	330	(25) #5	305	26,336
February 2006	138	21	159	(52) #6	107	26,443
June 2006	511	7	518	6 #7	524	26,967
September 2006	315	35	350	-	350	27,317
November 2006	40	9	49	-	49	27,366
March 2007	129	15	144	-	144	27,510
June 2007	187	8	195	-	195	27,705
Total change***:						
From February 2004	3,041	185	3,226	(474)	2,752	
Percent change	12.5%	28.0%	12.9%	-1.9%	11.0%	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

**** First official forecast for the 2005-07 biennium.

#1 Change to the forecast due to 2004 legislation.

#2 Revision to fiscal note for high tech tax incentives

#3 Impact of the state Supreme Court decision invalidating the estate tax and lowering the b&O rate on certain meat products

#4 Impact of 2005 legislation, budget driven revenue on the GFS forecast (+\$353.8 million) and shift refunds associated with the two recent court decisions from fy 2005 to fy 2006 (-\$195.0 million)

#5 The combined impact of I-900 on GFS revenue, revision to the impact of the Agrilink court case on GFS revenue, an accounting adjustment and the impact of a 2003 tax law change.

#6 The Department of Revenue has determined that under current law the insurance industry is exempt from sales tax on telephone services. Impact includes on-going and refunds.

#7 Impact of 2006 legislation on GFS revenue in the 2005-07 biennium.

Near General Fund-State*
June 2007 and March 2007 Forecasts
2005-07 Biennium
Millions of dollars

	<u>March 2007 Forecast</u>	<u>Forecast Change</u>	<u>Non Economic Change</u>		<u>June 2007 Forecast</u>	<u>Total Change</u>
			<u>2007 legislation</u>	<u>other</u>		
Near General Fund*						
Health Services Account	1,180.1	3.4			1,183.5	3.4
Violence Reduction and Drug Enforce.Acct.	102.6	2.5			105.1	2.5
Water Quality Account	54.7	(0.4)			54.3	(0.4)
Student Achievement Account	491.8	-			491.8	-
Public Safety and Education Account	173.0	0.9			173.9	0.9
Total Near GF	\$2,002.2	\$6.4	\$0.0	\$0.0	\$2,008.6	\$6.4

*Cash forecast

Changes to the General Fund-State Cash Forecast-by Agency

Comparison of the June 2007 to the March 2007 Forecast

2007-09 Biennium

Millions of Dollars

	March 2007 Forecast ¹	June 2007 Forecast Change	<u>June 2007 Non Economic Changes</u>		June 2007 Forecast	Total Change*
			<u>2007 Legislation²</u>	<u>Other Non-economic³</u>		
Department of Revenue	\$28,662.1	\$312.8	\$14.6	(\$23.6)	\$28,965.9	\$303.8
All other Agencies	\$853.4	\$18.6	(\$33.9)	\$0.0	\$838.1	(\$15.3)
Total General Fund-State*	\$29,515.5	\$331.4	(\$19.3)	(\$23.6)	\$29,804.0	\$288.5

*Detail may not add to totals due to rounding.

1: Adopted by the ERFC in March 2007.

2: Impact of 2007 legislation and budget driven revenue.

3: Impact of tobacco products settlement (GFS).

Department of Revenue General Fund Forecast
2007-09 Biennium; Cash Forecast
Comparison of the June 2007 to the March 2007 Forecast
Millions of Dollars

Source	March 2007 Forecast¹	Non-Economic Change²	Forecast Change	June 2007 Baseline	Total Change
Retail Sales	\$15,486.7	\$7.5	\$220.4	\$15,714.5	\$227.8
Business & Occupation Use	\$5,453.8	(1.9)	58.8	5,510.7	56.9
Public Utility	\$1,077.5	(0.1)	28.8	1,106.2	28.6
Tobacco Products	\$709.6	(0.2)	23.6	733.0	23.4
Penalty & Interest	\$18.4	(23.7)	0.2	(5.2)	(23.6)
	\$273.5	0.0	3.3	276.8	3.3
Revenue Act Subtotal	\$23,019.4	(18.5)	334.9	23,335.9	316.5
Liquor Sales/Liter	\$306.0	10.2	0.7	316.9	10.9
PUD Privilege	\$89.5	0.0	(2.6)	86.9	(2.6)
Cigarette	\$101.9	0.0	(0.2)	101.7	(0.2)
Property (State School Levy)	\$3,016.1	0.0	(2.7)	3,013.4	(2.7)
Inheritance/Estate	\$1.0	0.0	-	1.0	0.0
Leasehold Excise	\$50.0	(0.0)	1.1	51.0	1.1
Fish Excise	\$5.3	0.0	(0.3)	5.0	(0.3)
Real Estate Excise	\$1,756.7	(1.7)	(20.9)	1,734.1	(22.6)
other	\$300.6	1.1	3.3	305.0	4.4
Non Revenue Act Subtotal	\$5,627.1	9.6	(21.6)	5,615.1	(12.0)
State Share- Timber Ex.	\$15.6	(0.1)	(\$0.5)	15.0	(0.6)
Total DOR General Fund	\$28,662.1	(\$9.0)	\$312.8	28,965.9	\$303.8

1-Adopted by the Forecast Council in March 2007.

2-Non economic changes to the forecast: 2007 legislation and budget driven revenue (\$+14.6 million) and the impact of tobacco products tax settlement (-\$23.6 million).

June 2007

Cash Basis

Alternative Forecasts

2007-09 Biennium

Millions of Dollars

	<u>2007-09 Biennium</u>	<u>Difference From the June 2007 Baseline</u>
June 2007 Baseline (55%)	\$29,804	
June 2007 Alternative Forecasts		
Optimistic (20 %)	\$31,196	\$1,392
Pessimistic (25%)	\$28,334	(\$1,470)
GCEA*	\$29,767	(\$37)

* Based on the Governor's Council of Economic Advisors Assumptions.

Track Record for the 2007-09 General Fund-State Cash Forecast

February 2006 through June 2007

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non- Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2006****	\$28,180	\$848				\$29,028
Changes to Forecast						
June 2006	531	17	547	(112) #1	436	29,463
September 2006	76	(13)	62	-	62	29,526
November 2006	4	3	8	-	8	29,533
March 2007	(30)	12	(18)	-	(18)	29,516
June 2007	313	19	331	(43) #2	289	29,804
September 2007						
November 2007						
February 2008						
June 2008						
Total change***:						
From February 2006	894	37	931	(155)	776	
Percent change	3.2%	4.3%	3.2%	-0.5%	2.7%	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

**** First official forecast for the 2007-09 biennium.

#1 Change to the forecast due to 2006 legislation.

#2 Change to the forecast due to 2007 legislation/budget driven revenue and DOR tobacco product tax settlement

Summary of 2007 Legislation and Budget Driven Revenue
GFS Impact 2007-09 Biennium By Agency; thousands of dollars

I. 2007 Legislation

		2007-09		
		Fiscal 2007	Fiscal 2008	Biennium
Department of Revenue				
SHB 1002	Sales & use tax on vessels	568	723	1,291
HB 1185	Timber purchases	1	1	2
HB 1443	Agricultural commodities	(55)	(124)	(179)
SHB 1513	Forest products businesses	(969)	(1,102)	(2,071)
HB 1549	Unprocessed milk	(137)	(169)	(306)
SHB 1566	Rural county tax credit	(254)	(616)	(870)
E2SHB 1705*	Health sciences and services	(1,340)	(1,700)	(3,040)
SHB 1805	Homestead exemption	1,524	1,344	2,868
SHB 1891	Sale of prescription drugs	(800)	(1,200)	(2,000)
EHB 1902	Repairs to farm machinery	(2,931)	(3,501)	(6,432)
ESHB 1981	Financial information	(1,218)	(1,435)	(2,653)
SHB 2158	Vehicle sale to nonresident	(302)	(639)	(941)
SHB 2335	Amateur radio repeaters	(2)	(3)	(5)
ESHB 2352	Farming & farming services	(53)	(58)	(111)
EHB 2388	Financing regional centers	(1,521)	(2,091)	(3,612)
SSB 5009	Biodiesel fuel for farm use	(65)	(65)	(130)
SSB 5089	Streamlined sales & use tax	-	25,700	25,700
SB 5468	Tax programs	(106)	(111)	(217)
SB 5551	Liquor & tobacco laws	(181)	(6)	(187)
E2SSB 5557	Economic dev facilities	(2,137)	(2,977)	(5,114)
SSB 5568	City lodging taxes	-	(246)	(246)
SB 5572	Excise tax relief	(16)	(20)	(36)
SB 5607	Historical property	(20)	(21)	(41)
E2SSB 5862	Passenger-only ferry service	(9)	(10)	(19)
SHB 2008	Quinault Indian Reservation	-	(80)	(80)
Subtotal: DOR		(10,023)	11,594	1,571
State Treasurer				
ESHB 1512	Linked deposit program	(540)	(589)	(1,129)
Insurance Commissioner				
SSB 5919	Insurance premium taxes	970	970	1,940
Other Agencies (OFM)				
SHB 1843	Construction contractors	166	166	333
HB 1859	Statute law committee	(15)	(15)	(30)
SHB 1409	Forest practices	(80)	(113)	(192)
SSB 6141	Forest health	10	10	20
SSB 5089	Streamlined sales & use tax	-	(31,600)	(31,600)
Subtotal: Other agencies		82	(31,551)	(31,469)
GFS Impact of 2007 Legislation		(9,511)	(19,576)	(29,087)

II. 2007 Budget Driven Revenue

Department of Revenue				
vehicle enforcement		1,400	1,400	2,800
LCB Sunday sales/retail operations		5,113	5,113	10,226
Liquor Control Board				
LCB Sunday sales/retail operations		(3,145)	(3,145)	(6,290)
Other agencies		<u>1,262</u>	<u>1,762</u>	<u>3,024</u>
Total GFS Budget driven revenue		4,630	5,130	9,760
Total: legislation and Budget Driven Revenue		<u>(4,881)</u>	<u>(14,446)</u>	<u>(19,327)</u>

Summary of Changes to the Combined General Fund-State and Near-General Fund Cash Forecast

Comparison of the June 2007 and the March 2007 Forecasts

2005-07 and 2007-09 Biennia

Millions of Dollars

	March 2007 Forecast ¹	June 2007 Forecast Change	June 2007 Non Economic Changes Legislation & Budget driven Rev. ²	Other Non-economic ³	June 2007 Forecast	Total Change
2005-07 Biennium	\$29,512.3	\$201.5	\$0.0	\$0.0	\$29,713.8	\$201.5
2007-09 Biennium	\$31,634.7	\$320.5	(\$16.8)	(36.9)	\$31,901.5	\$266.8
Total Change: 05-07 & 07-09 Biennia		\$522.0	(\$16.8)	(\$36.9)		\$468.3

1: Adopted by the Forecast Council in March 2007.

2: Impact of 2007 legislation and budget driven revenue.

3: Impact of tobacco products settlement.

Office of the Forecast Council

Near General Fund-State*
June 2007 and March 2007 Forecasts
2007-09 Biennium
Millions of dollars

	<u>March 2007 Forecast</u>	<u>Forecast Change</u>	<u>Non Economic Change</u>		<u>June 2007 Forecast</u>	<u>Total Change</u>
			<u>2007 legislation¹</u>	<u>other²</u>		
Near General Fund*						
Health Services Account	1,223.7	0.5	2.3	(5.2)	1,221.3	(2.4)
Violence Reduction and Drug Enforce.Acct.	105.9	(0.2)	0.2	(0.0)	105.9	0.0
Water Quality Account	92.0	(14.1)	(0.0)	(8.1)	69.7	(22.3)
Student Achievement Account	503.4	(0.1)			503.3	(0.1)
Public Safety and Education Account	194.3	2.9			197.2	2.9
Total Near GF	\$2,119.2	(\$11.0)	\$2.5	(\$13.3)	\$2,097.5	(\$21.8)

*Cash forecast

1 Impact of 2007 legislation and budget driven revenue.

2 Impact of DOR settlement.

General Fund-State And Near General Fund-State*
June 2007 and March 2007 Forecasts
2005-07 & 2007-09 Biennia
Millions of dollars

	2005-07 Biennium			2007-09 Biennium			Change From 2005-07	
	<u>March 2007 Forecast</u>	<u>June 2007 Forecast</u>	<u>Difference</u>	<u>March 2007 Forecast</u>	<u>June 2007 Forecast</u>	<u>Difference</u>	<u>Amount</u>	<u>Percent</u>
General Fund-State	\$ 27,510.1	\$ 27,705.2	\$ 195.1	\$ 29,515.5	\$ 29,804.0	\$288.5	\$2,098.8	7.6%
Near General Fund*								
Health Services Account	1,180.1	1,183.5	3.4	1,223.7	1,221.3	(2.4)	37.8	3.2%
Violence Reduction and Drug Enforce.Acct.	102.6	105.1	2.5	105.9	105.9	0.0	0.8	0.7%
Water Quality Account	54.7	54.3	(0.4)	92.0	69.7	(22.3)	15.4	28.4%
Student Achievement Account	491.8	491.8	-	503.4	503.3	(0.1)	11.5	2.3%
Public Safety and Education Account	173.0	173.9	0.9	194.3	197.2	2.9	23.4	13.4%
Total Near GF	2,002.2	2,008.6	6.4	2,119.2	2,097.5	(21.8)	88.9	4.4%
Total GF and Near GF	\$ 29,512.3	\$ 29,713.8	\$ 201.5	\$ 31,634.7	\$ 31,901.5	266.7	2,187.7	7.4%

*Cash forecast

General Fund-State and Near General Fund
History/Forecast by Fiscal Year
June 2007 - Millions of Dollars

	General Fund-State		Near General Fund		GFS and Near GFS	
	Level	% Change	Level	% Change	Level	% Change
fiscal 1995	8,551.3		not available		not available	
fiscal 1996	8,581.2	0.3%	not available		not available	
fiscal 1997	9,056.6	5.5%	not available		not available	
fiscal 1998	9,640.9	6.5%	not available		not available	
fiscal 1999	9,979.2	3.5%	not available		not available	
fiscal 2000	10,433.2	4.5%	not available		not available	
fiscal 2001	10,828.9	3.8%	not available		not available	
fiscal 2002	10,450.7	-3.5%	not available		not available	
fiscal 2003	10,689.9	2.3%	not available		not available	
fiscal 2004	11,321.2	5.9%	not available		not available	
fiscal 2005	12,067.3	6.6%	not available		not available	
fiscal 2006	13,328.8	10.5%	988.8		14,317.6	
fiscal 2007	14,376.4	7.9%	1,019.8	3.1%	15,396.2	7.5%
fiscal 2008	14,640.7	1.8%	1,026.2	0.6%	15,666.9	1.8%
fiscal 2009	15,163.3	3.6%	1,071.3	4.4%	16,234.6	3.6%

Key Washington Economic Variables

	2004	2005	2006	2007	2008	2009
Nonfarm Payroll Employment, %Ch	1.6	2.8	2.9	2.1	2.0	2.0
Manufacturing Employment, %Ch	-1.3	3.4	4.7	1.5	0.4	0.4
Aerospace Employment, %Ch	-5.8	6.8	11.6	6.7	3.2	0.3
Other Manufacturing Employment, %Ch	0.2	2.4	2.5	-0.3	-0.6	0.5
Software Employment, %Ch	5.1	5.1	8.4	6.7	5.5	6.2
Construction Employment, %Ch	5.1	8.0	10.0	4.1	0.7	0.4
Service-Producing, %Ch	1.7	2.4	2.2	2.1	2.3	2.3
Unemployment Rate	6.3	5.5	5.0	4.8	5.1	5.2
Real Personal Income, %Ch	4.1	0.1	4.4	4.8	4.7	4.7
Seattle CPI, %Ch	1.2	2.8	3.7	3.6	2.4	2.5
Population, %Ch	1.3	1.6	1.9	2.0	1.8	1.7
Housing Units Authorized by Permit, %Ch	17.0	5.8	-5.6	2.4	-4.5	-1.6

Annual Average Employment Growth 2000-2006

	2000		2001		2002		2003		2004		2005		2006	
	Increase (000)	% Chg.	Increase (000)	% Chg.	Increase (000)	% Chg.	Increase (000)	% Chg.	Increase (000)	% Chg.	Increase (000)	% Chg.	Increase (000)	% Chg.
Washington														
Total Nonfarm	61.4	2.3%	-11.5	-0.4%	-43.4	-1.6%	3.4	0.1%	43.3	1.6%	76.1	2.8%	81.7	2.9%
Natural Resources and Mining	-0.6	-5.4%	-0.2	-2.2%	-0.4	-4.5%	-0.7	-7.6%	0.5	5.6%	-0.2	-1.9%	-0.2	-2.6%
Construction	6.9	4.5%	-1.8	-1.1%	-4.6	-2.9%	2.0	1.3%	7.9	5.1%	13.2	8.0%	17.8	10.0%
Manufacturing	-11.5	-3.3%	-15.7	-4.7%	-31.1	-9.8%	-18.0	-6.3%	-3.4	-1.3%	8.9	3.4%	12.8	4.7%
Wholesale Trade	1.9	1.6%	-1.5	-1.2%	-4.1	-3.4%	0.4	0.3%	3.3	2.8%	2.9	2.4%	4.7	3.9%
Retail Trade	9.9	3.2%	-3.5	-1.1%	-6.4	-2.0%	0.5	0.2%	3.4	1.1%	6.8	2.2%	5.6	1.8%
Transportation, Warehousing and Utilities	1.1	1.2%	-3.0	-3.2%	-4.0	-4.4%	-0.5	-0.5%	1.9	2.1%	2.4	2.7%	1.7	1.9%
Information	12.5	14.6%	1.4	1.4%	-5.4	-5.5%	-1.3	-1.4%	0.6	0.6%	1.9	2.0%	3.6	3.8%
Financial Activities	0.4	0.3%	2.9	2.0%	1.0	0.7%	5.8	4.0%	-0.1	-0.1%	2.7	1.8%	1.7	1.1%
Professional and Business Services	17.6	6.1%	-6.9	-2.3%	-6.7	-2.3%	0.1	0.0%	11.4	3.9%	14.4	4.8%	13.6	4.3%
Education and Health Services	7.9	2.8%	8.9	3.1%	8.6	2.9%	6.0	1.9%	6.8	2.2%	9.6	3.0%	7.9	2.4%
Leisure and Hospitality	4.7	1.9%	-4.7	-1.9%	-1.7	-0.7%	3.6	1.4%	6.6	2.7%	7.9	3.1%	8.2	3.1%
Other Services	1.7	1.6%	-9.3	-8.8%	0.9	0.9%	1.2	1.2%	1.3	1.3%	2.5	2.5%	1.3	1.3%
Federal Government	2.3	3.4%	-2.0	-2.8%	1.3	1.9%	1.0	1.4%	-0.4	-0.6%	-0.2	-0.3%	-0.3	-0.4%
State and Local Government Non-Educational	1.9	1.0%	23.4	12.1%	3.4	1.6%	1.6	0.7%	2.3	1.0%	1.2	0.6%	2.8	1.3%
State and Local Government Education	4.9	2.2%	0.7	0.3%	6.0	2.7%	1.9	0.8%	1.2	0.5%	2.0	0.9%	0.4	0.2%

Seattle MSA

Total Nonfarm	29.7	2.2%	-17.5	-1.3%	-47.4	-3.4%	-15.4	-1.1%	11.9	0.9%	35.8	2.7%	45.9	3.4%
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Washington Excluding Seattle

Total Nonfarm	31.7	2.5%	6.0	0.5%	4.0	0.3%	18.8	1.4%	31.4	2.4%	40.3	2.9%	35.7	2.5%
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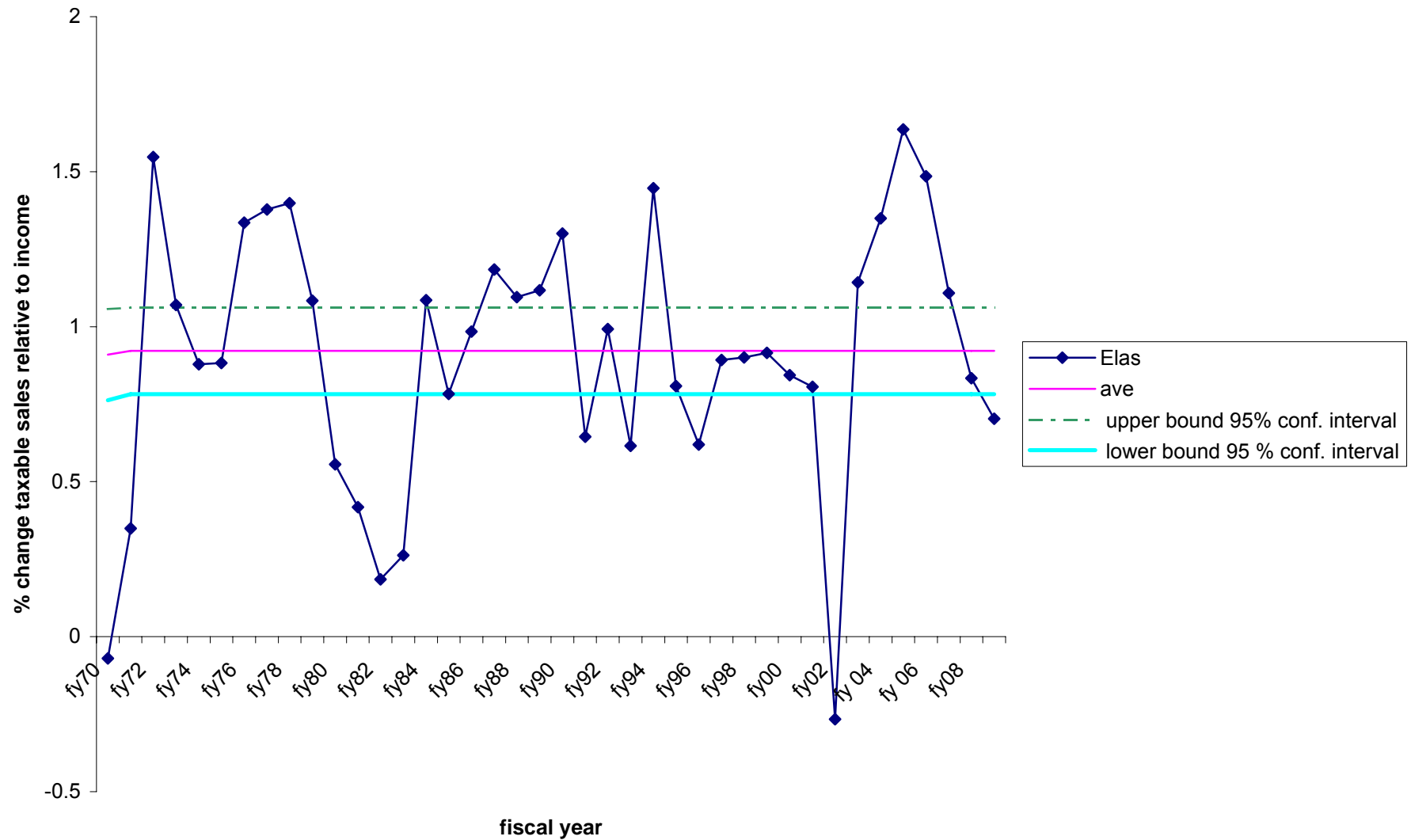
**Year-Over-Year Employment Growth by Industry
(May 2006 to May 2007)
Washington vs. U.S.**

	Washington		U.S
	(000)	% Chg.	% Chg.
Total	59.3	2.1%	1.4%
Aerospace Product and Parts Manufacturing	6.1	8.5%	NA
Software Publishers	3.4	7.7%	NA
Construction	9.6	4.9%	-0.5%
Information Excluding Software	2.0	3.8%	NA
Professional and Business Services	11.5	3.5%	2.2%
Wholesale Trade	3.3	2.6%	1.6%
Education and Health Services	8.2	2.4%	3.0%
Retail Trade	7.7	2.4%	0.4%
Leisure and Hospitality	6.1	2.3%	3.3%
Transportation, Warehousing and Utilities	1.3	1.4%	1.5%
Other Services	1.4	1.3%	0.9%
Government Non-Education	0.8	0.3%	0.9%
Manufacturing Excluding Aerospace	0.1	0.0%	NA
Financial Activities	-0.3	-0.2%	1.0%
Government Education	-1.6	-0.7%	1.8%
Natural Resources and Mining	-0.3	-3.4%	5.4%
Information	5.4	5.6%	1.7%
Manufacturing	6.2	2.2%	-1.2%

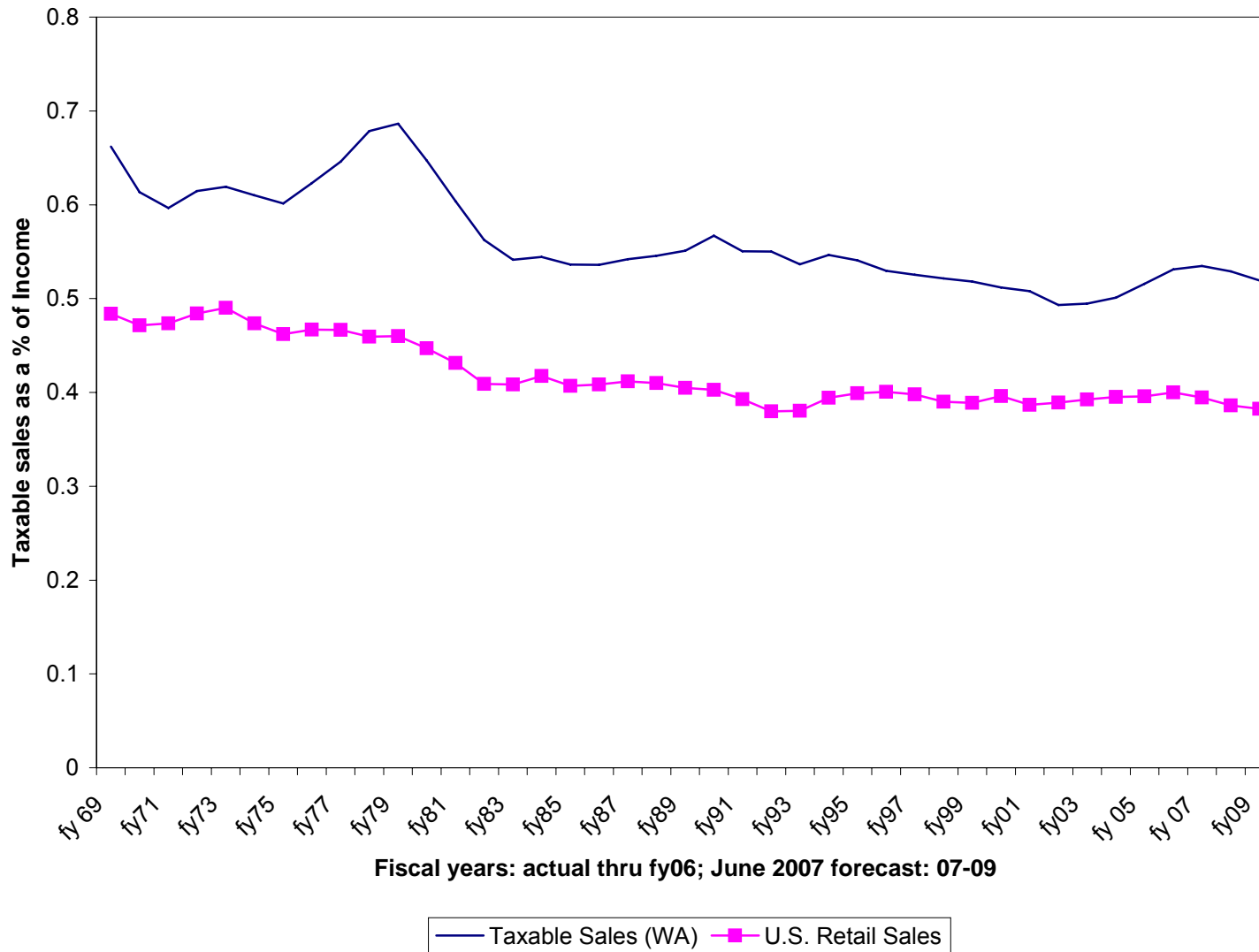
Washington Geographic Breakdown

Seattle-Bellevue-Everett MSA	45.0	3.2%
Tacoma MSA	4.3	1.6%
Spokane MSA	5.2	2.5%
Rest of WA	4.8	0.5%

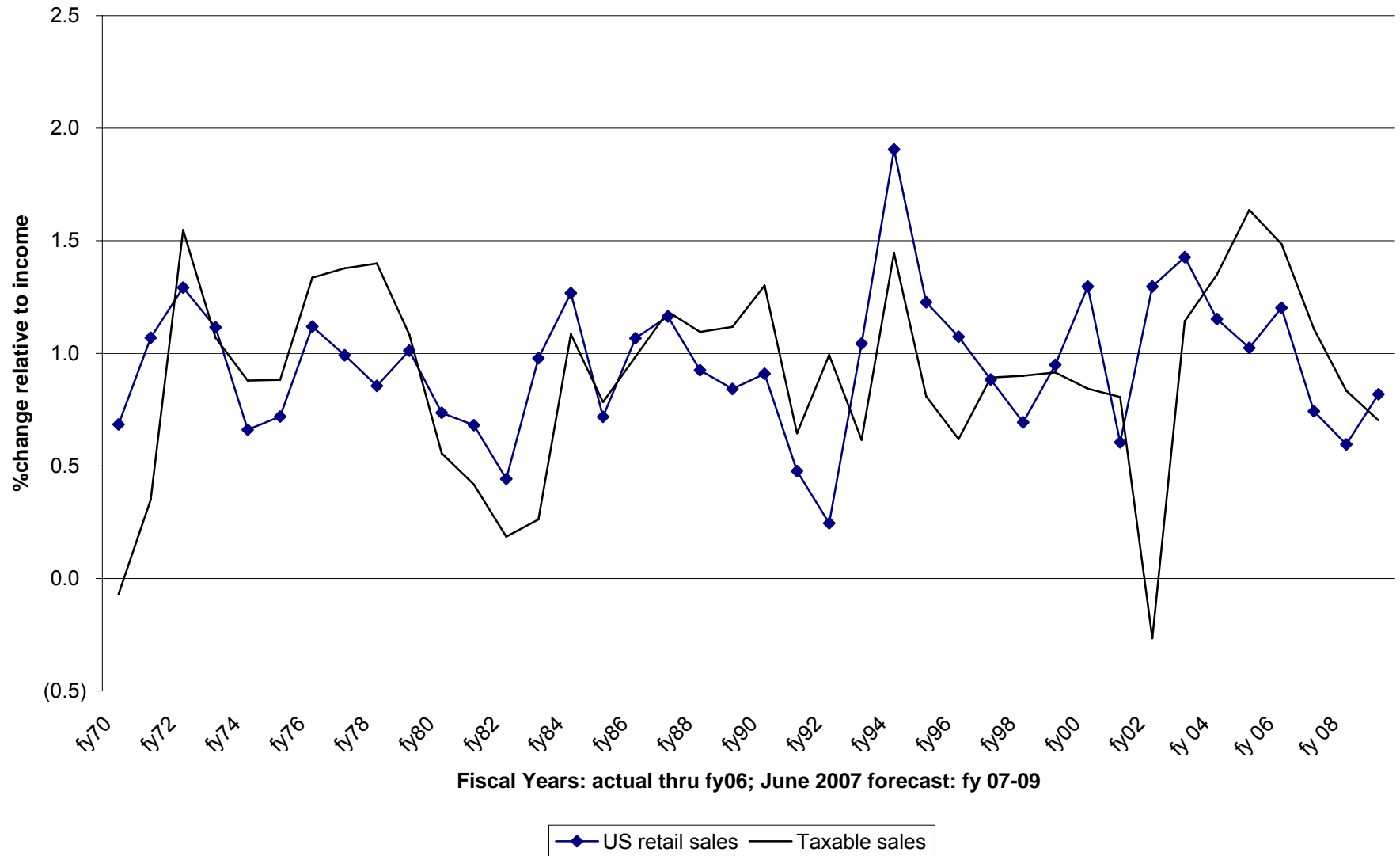
%Change of Taxable Sales* Relative to Income



Taxable Sales (WA) and U.S. Retail Sales as a % of Income

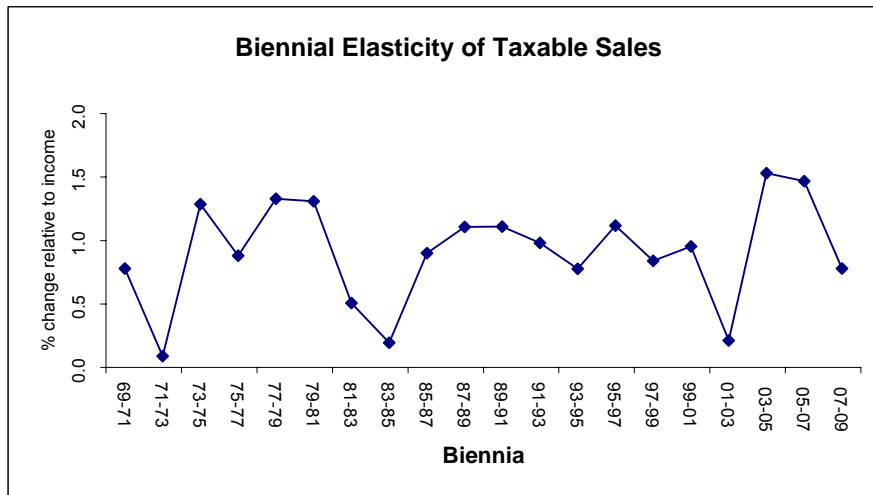


Elasticity: Taxable Sales (WA) and U.S. Retail Sales



Biennial Elasticity
Taxable Sales (adjusted)
June 2007 Forecast

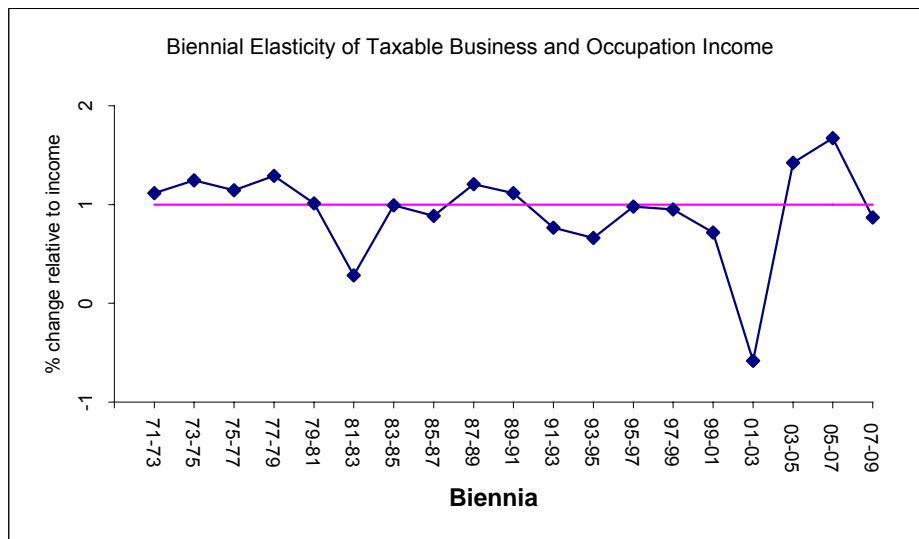
<u>Biennium</u>	<u>Elasticity</u>	<u>rank</u>
03-05	1.5	1
05-07:Est.	1.5	2
75-77	1.3	3
77-79	1.3	4
71-73	1.3	5
93-95	1.1	6
87-89	1.1	7
85-87	1.1	8
89-91	1.0	9
97-99	1.0	10
83-85	0.9	11
73-75	0.9	12
99-01	0.9	13
95-97	0.8	14
07-09:Est.	0.8	15
91-93	0.8	16
79-81	0.5	17
01-03	0.2	18
81-83	0.2	19
69-71	0.1	19



*Percent change taxable sales (adjusted for major base changes) relative to percent changes in income.
(Ave. of the elasticities of the fiscal years of the biennium. Based on the moving average of
state disposable personal income (adjusted for special Microsoft dividend.)

Biennial Elasticity
Taxable Business and Occupation Income (adjusted)
June 2007 Forecast

<u>Biennium</u>	<u>Elasticity</u>	<u>rank</u>
05-07: Est.	1.7	1
03-05	1.4	2
77-79	1.3	3
73-75	1.2	4
87-89	1.2	5
75-77	1.1	6
89-91	1.1	7
71-73	1.1	8
79-81	1.0	9
83-85	1.0	10
95-97	1.0	11
97-99	1.0	12
85-87	0.9	13
07-09: Est.	0.9	14
91-93	0.8	15
99-01	0.7	16
93-95	0.7	17
81-83	0.3	18
01-03	(0.6)	19



Revenue Act Collection Growth Compared to Personal Income Growth

Percent Change from Year-ago Quarter**

Quarter	Revenue Act*	June 2007	
		Personal Income	Elasticity
94:4	7.0%	5.6%	1.2
95:1	4.2%	6.8%	0.6
95:2	6.4%	5.2%	1.2
95:3	4.0%	5.2%	0.8
95:4	2.9%	4.1%	0.7
96:1	6.1%	6.4%	1.0
96:2	4.0%	7.3%	0.5
96:3	5.6%	8.0%	0.7
96:4	4.2%	8.5%	0.5
97:1	9.5%	8.0%	1.2
97:2	10.1%	7.6%	1.3
97:3	8.0%	7.0%	1.1
97:4	9.4%	7.4%	1.3
98:1	3.2%	8.8%	0.4
98:2	4.3%	9.0%	0.5
98:3	7.9%	9.8%	0.8
98:4	5.8%	8.7%	0.7
99:1	7.5%	7.4%	1.0
99:2	6.9%	5.3%	1.3
99:3	6.6%	6.6%	1.0
99:4	6.5%	9.4%	0.7
00:1	8.6%	10.0%	0.9
00:2	6.3%	9.0%	0.7
00:3	3.9%	5.9%	0.7
00:4	5.2%	3.4%	1.5
01:1	2.7%	1.1%	2.5
01:2	1.3%	5.1%	0.3
01:3	-2.4%	3.6%	(0.7)
01:4	-2.5%	2.2%	(1.1)
02:1	-2.3%	2.8%	(0.8)
02:2	-0.6%	0.8%	(0.7)
02:3	2.3%	2.4%	1.0
02:4	0.3%	2.1%	0.1
03:1	-0.1%	1.1%	(0.1)
03:2	1.6%	2.5%	0.6
03:3	3.9%	3.8%	1.0
03:4	3.8%	3.7%	1.0
04:1	5.5%	3.6%	1.5
04:2	5.2%	4.1%	1.3
04:3	6.2%	3.5%	1.8
04:4	8.2%	5.3%	1.6
05:1	9.4%	6.1%	1.5
05:2	9.8%	4.5%	2.2
05:3	12.0%	5.8%	2.1
05:4	9.4%	6.2%	1.5
06:1	12.0%	7.4%	1.6
06:2	10.8%	7.0%	1.5
06:3	9.1%	7.8%	1.2
06:4	7.7%	6.8%	1.1
07:1	9.8%	6.6%	1.5

Ave: 94:4 to 2007:1:

0.9

*Revenue Act collections consists of state retail sales, business & occupation, use, public utility and tobacco product taxes well as penalties and interest payments. Growth of net collections, excluding the impact of new legislation and unusually large audit payments, refunds or credits.

Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

June 2007 Baseline Forecast

Source/Fiscal	Percentage Change		Personal Income	
	Tax Base Adjusted*	Personal Income-1	Elasticity**	
I. Retail Sales				
	1988	8.0	7.3	1.1
	1989	10.9	9.7	1.1
	1990	13.7	10.5	1.3
	1991	5.7	8.9	0.6
	1992	6.6	6.6	1.0
	1993	4.2	6.9	0.6
	1994	6.3	4.3	1.4
	1995	4.7	5.8	0.8
	1996	3.6	5.8	0.6
	1997	7.1	8.0	0.9
	1998	7.3	8.1	0.9
	1999	7.1	7.8	0.9
	2000	7.4	8.8	0.8
	2001	3.1	3.9	0.8
	2002	-0.6	2.4	-0.3
	2003	2.3	2.0	1.1
	2004	5.1	3.8	1.3
	2005	7.9	4.8	1.6
	2006	9.8	6.6	1.5
	2007	7.7	6.9	1.1
	2008	5.8	6.9	0.8
	2009	4.7	6.7	0.7
II. Business & Occupation				
	1988	10.6	7.3	1.5
	1989	9.4	9.7	1.0
	1990	14.3	10.5	1.4
	1991	6.3	8.9	0.7
	1992	6.3	6.6	1.0
	1993	3.5	6.9	0.5
	1994	2.0	4.3	0.5
	1995	6.8	5.8	1.2
	1996	4.5	5.8	0.8
	1997	9.0	8.0	1.1
	1998	7.2	8.1	0.9
	1999	7.2	7.8	0.9
	2000	5.5	8.8	0.6
	2001	3.0	3.9	0.8
	2002	-3.4	2.4	-1.4
	2003	-2.4	2.0	-1.2
	2004	6.6	3.8	1.7
	2005	9.9	4.8	2.1
	2006	11.4	6.6	1.7
	2007	8.4	6.9	1.2
	2008	5.6	6.9	0.8
	2009	4.4	6.7	0.7

Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

June 2007 Forecast

*

Source/Fiscal	Percentage Change		Personal Income Elasticity**	
	Tax Base Adjusted*	Personal Income-1		
III. Use				
	1988	5.3	7.3	0.7
	1989	12.8	9.7	1.3
	1990	14.6	10.5	1.4
	1991	9.8	8.9	1.1
	1992	-0.9	6.6	-0.1
	1993	6.8	6.9	1.0
	1994	7.0	4.3	1.6
	1995	5.8	5.8	1.0
	1996	8.2	5.8	1.4
	1997	5.5	8.0	0.7
	1998	6.8	8.1	0.8
	1999	0.8	7.8	0.1
	2000	10.3	8.8	1.2
	2001	8.2	3.9	2.1
	2002	-8.2	2.4	-3.5
	2003	-7.8	2.0	-3.8
	2004	7.7	3.8	2.0
	2005	12.6	4.8	2.6
	2006	1.7	6.6	0.3
	2007	8.5	6.9	1.2
	2008	5.2	6.9	0.7
	2009	6.7	6.7	1.0

IV. Public Utility

1988	3.2
1989	0.7
1990	-1.4
1991	7.1
1992	0.0
1993	9.5
1994	13.6
1995	6.5
1996	1.4
1997	1.4
1998	4.0
1999	4.7
2000	7.2
2001	15.4
2002	0.5
2003	-2.0
2004	7.5
2005	6.8
2006	10.2
2007	10.0
2008	5.1
2009	2.2

* Based on constant base taxable data.

** Percent changes in taxable activity relative to percent change in personal income.

1 Income adjusted to exclude special dividend payment in fy 05.

Electronic Filers*
Excise tax payments: April 2007 compared to April 2006 activity
Same Taxpayers; Thousands of Dollars**

		tax payment 5/11/06-6/10/06		tax payment 5/11/07-5/29, 07				Count diff	Dist by Industry
<u>Naisc/Sector</u>		<u>Amt Paid</u>	<u>Count**</u>	<u>Amt Paid</u>	<u>Count</u>	<u>Amt Paid</u> diff	<u>%diff</u>		
441	Motor vehicles & parts	\$88,068	801	\$91,623	801	\$3,555	4.0%	0	11.4%
442	furniture and home furnishings	11,779	306	11,981	306	202	1.7%	0	1.5%
443	Electronics & appliances	13,208	329	12,086	329	(1,122)	-8.5%	0	1.5%
444	Build. Mat./garden equip.	40,146	424	40,696	424	550	1.4%	0	5.1%
445	Food & beverage stores	17,203	562	18,380	562	1,178	6.8%	0	2.3%
446	Drug & health stores	8,159	169	9,028	169	869	10.7%	0	1.1%
447	Gas stations & convenience stores	7,094	379	7,670	379	576	8.1%	0	1.0%
448	Apparel & accessories	18,474	324	19,422	324	949	5.1%	0	2.4%
451	Sporting goods,toys,books,music	9,399	255	9,837	255	438	4.7%	0	1.2%
452	General merchandise stores	63,426	67	66,223	67	2,797	4.4%	0	8.2%
453	Miscellaneous retailers	21,721	847	23,711	847	1,990	9.2%	0	2.9%
454	Nonstore retailers	7,696	229	9,083	229	1,386	18.0%	0	1.1%
44-45	Sub total: Retail Trade	306,372	4,692	319,739	4,692	13,367	4.4%	-	39.7%
11	Agriculture,forestry,fishing	903	79	782	79	(121)	-13.4%	0	0.1%
21	Mining	810	40	766	40	(44)	-5.4%	0	0.1%
22	Utilities	27,500	214	28,463	214	963	3.5%	0	3.5%
23	Construction	97,756	3,692	110,383	3,692	12,626	12.9%	0	13.7%
31-33	Manufacturing	45,324	1,173	44,523	1,173	(801)	-1.8%	0	5.5%
42	Wholesale trade	74,493	2,165	83,610	2,165	9,117	12.2%	0	10.4%
48-49	Transportation & Warehousing	5,680	254	5,960	254	280	4.9%	0	0.7%
51	Information	41,218	406	43,420	406	2,202	5.3%	0	5.4%
52	Finance, Insurance	17,907	455	20,023	455	2,116	11.8%	0	2.5%
53	Real Estate, Rental & leasing	19,087	545	20,536	545	1,448	7.6%	0	2.5%
54	Professional, scientific & Tech. services	17,466	1,369	21,127	1,369	3,661	21.0%	0	2.6%
55-62	Management,education & health services	35,008	1,960	37,550	1,960	2,542	7.3%	0	4.7%
71	Arts, Entertainment & Recreation	4,710	298	4,797	298	87	1.8%	0	0.6%
72	Accommodation & food services	48,445	2,588	52,000	2,588	3,554	7.3%	0	6.5%
81	Other services	10,197	1,102	11,189	1,102	992	9.7%	0	1.4%
92,99,00	Public Administration & all other	670	48	652	48	(19)	-2.8%	0	0.1%
Total: All Industries		\$753,548	21,080	\$805,520	21,080	\$51,972	6.9%	-	100.0%
Addendum:									
	Retail trade & Food services	343,009	6,941	358,637	6,941	15,628	4.6%	0	44.5%
	Non retail trade & food services	410,539	14,139	446,883	14,139	36,344	8.9%	0	55.5%
	Accommodations	11,808	339	13,102	339	1,294	11.0%	0	1.6%
	Retail trade & food service-except auto	254,941	6,140	267,014	6,140	12,073	4.7%	0	33.1%
Construction Related		168,768	4,967	183,594	4,967	14,826	8.8%		22.8%
Excluding Construction related		584,779	16,113	621,925	16,113	37,146	6.4%		77.2%

*Electronic payments of EFT taxpayers and ELF taxpayers (includes some non electronic payments of EFT taxpayers.)

**taxpayers with Apri. 2007 tax liability received via electronic payment 5/11/07-5/29/07 who also paid April 06 liab. in the 5/11/06-5/10/06 period.

General Fund-State

Biennial Growth

June 2007 Forecast

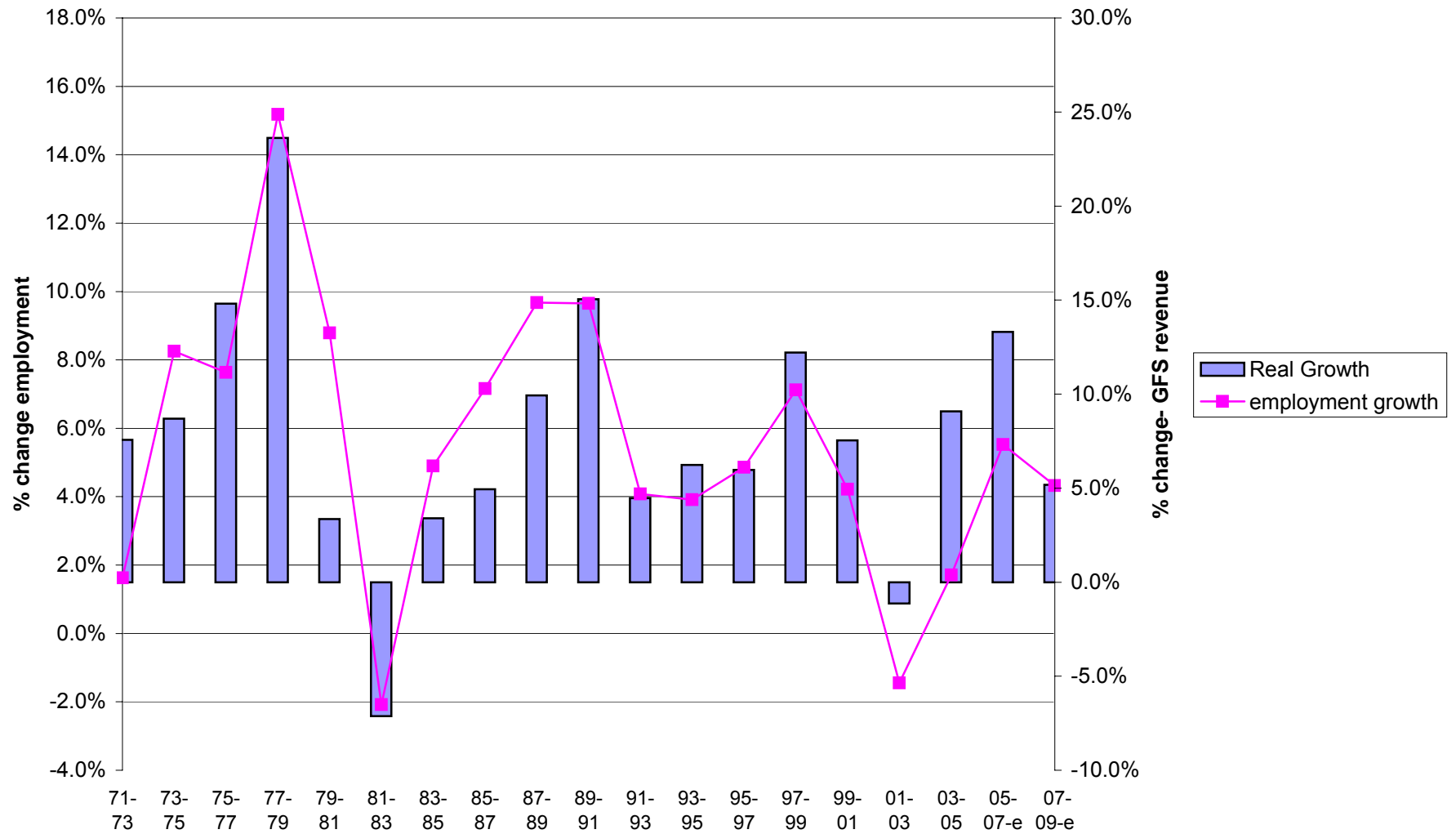
	General Fund-State Collection Growth ¹ Total GFS Current Dollars	Adjusted Growth Major Taxes ² 2000 Chained Dollars
Biennia		
1971-73	10.9%	7.6%
1973-75	23.4%	8.7%
1975-77	43.1%	14.8%
1977-79	32.3%	23.6%
1979-81	19.3%	3.4%
1981-83	27.0%	-7.1%
1983-85	20.6%	3.4%
1985-87	16.7%	4.9%
1987-89	14.2%	9.9%
1989-91	21.7%	15.1%
1991-93	11.7%	4.5%
1993-95	11.5%	6.2%
1995-97	6.5%	6.0%
1997-99	11.2%	12.2%
1999-01	8.4%	7.5%
2001-03	-0.6%	-1.1%
2003-05	10.6%	9.1%
2005-07 ^F	18.5%	13.3%
2007-09 ^F	7.6%	5.2%

1 Actual growth in Total General Fund-State tax receipts includes growth due to changes in tax rates, the tax base as well as administrative and accounting changes. Represents growth of revenue available for appropriation. Growth is affected by factors other than economic performance, hence the growth rates may not be comparable among biennia.

2 Estimated growth of six major taxes (sales, B&O, use, public utility, real estate excise, and property) on a tax liability basis, adjusted to a constant rate and base and adjusted for price changes. The growth rates in this column provide a measure of how revenue growth varies over time and with the economy.

F Forecast

Real Growth of the Taxbase of Major GFS Tax Biennia



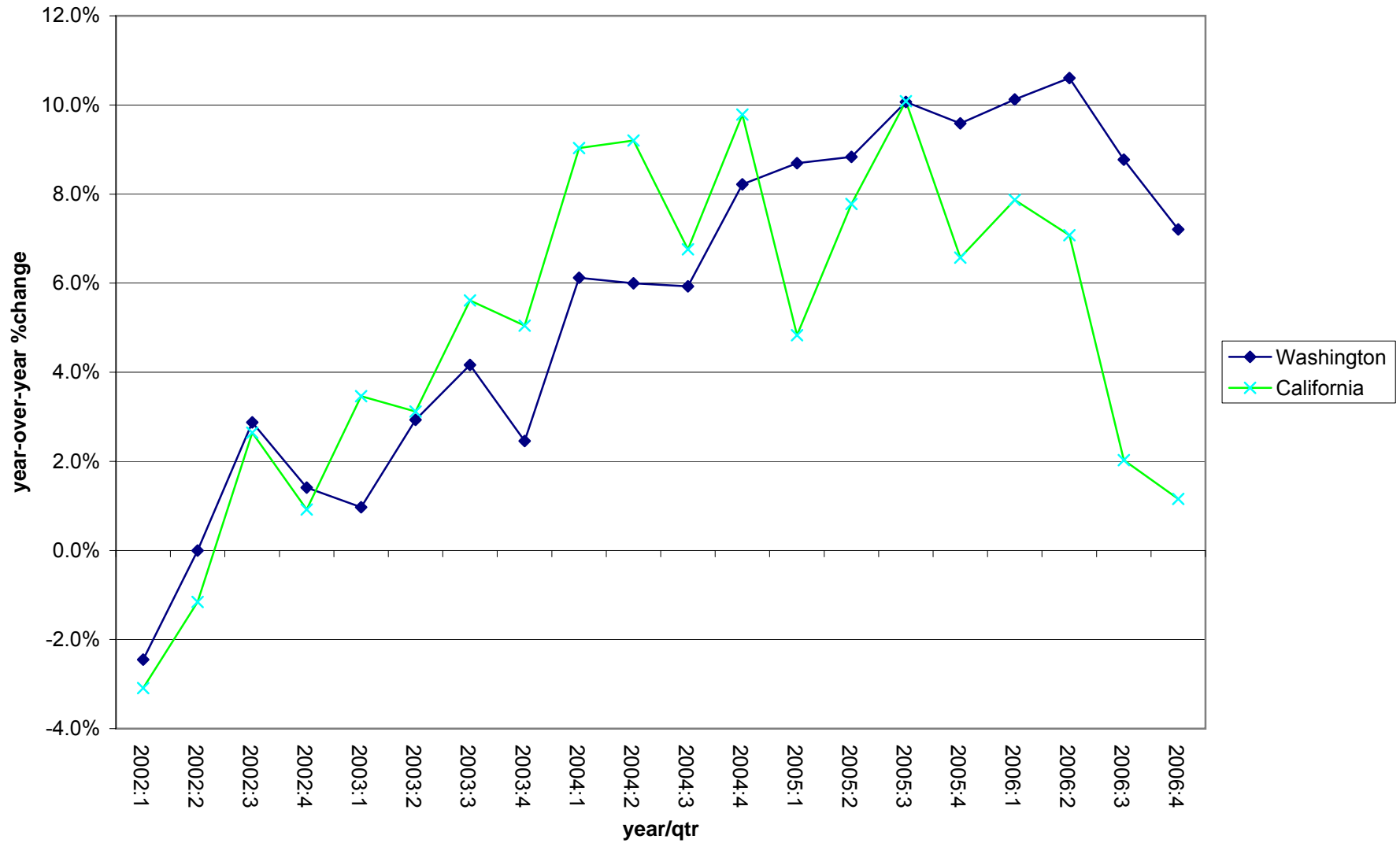
General Fund - State Cash Receipts

June 2007 Forecast by Fiscal Year

(Millions of Dollars)

	<u>General Fund - State</u>	<u>Percent Change</u>
Fiscal Years		
1986	\$4,566.2	
1987	5,008.4	9.7%
1988	5,248.1	4.8%
1989	5,686.0	8.3%
1990	6,505.4	14.4%
1991	6,803.5	4.6%
1992	7,297.6	7.3%
1993	7,564.6	3.7%
1994	8,013.4	5.9%
1995	8,551.3	6.7%
1996	8,581.2	0.3%
1997	9,056.6	5.5%
1998	9,640.9	6.5%
1999	9,979.2	3.5%
2000	10,433.2	4.5%
2001	10,828.9	3.8%
2002	10,450.7	-3.5%
2003	10,689.9	2.3%
2004	11,321.2	5.9%
2005	12,067.3	6.6%
2006	13,328.8	10.5%
Forecast		
2007	14,376.4	7.9%
2008	14,640.7	1.8%
2009	15,163.3	3.6%

Growth of Taxable sales: Washington and California



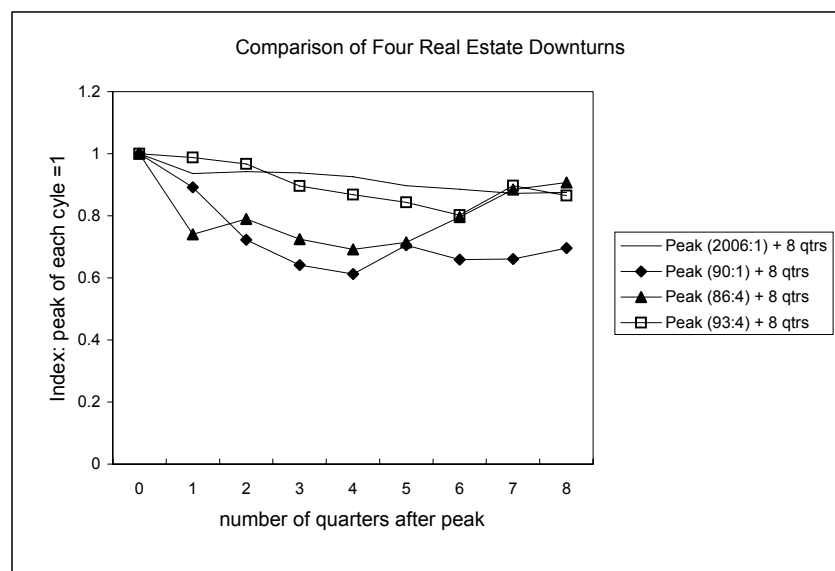
Downturns of the Real Estate Excise Taxbase in the Last 25 years

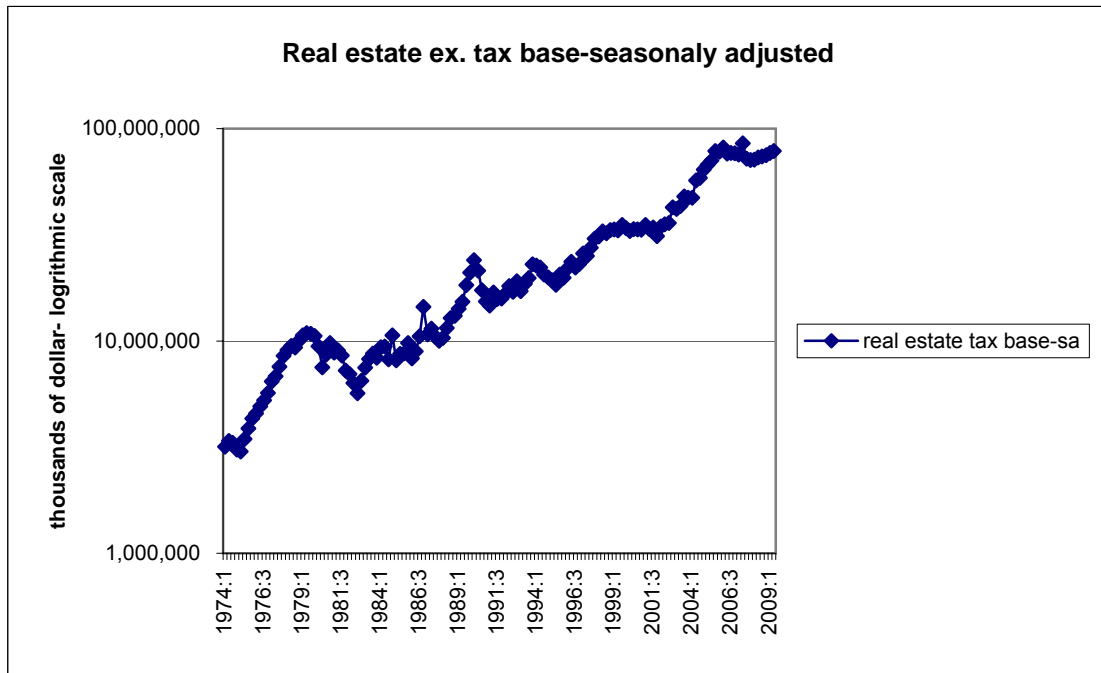
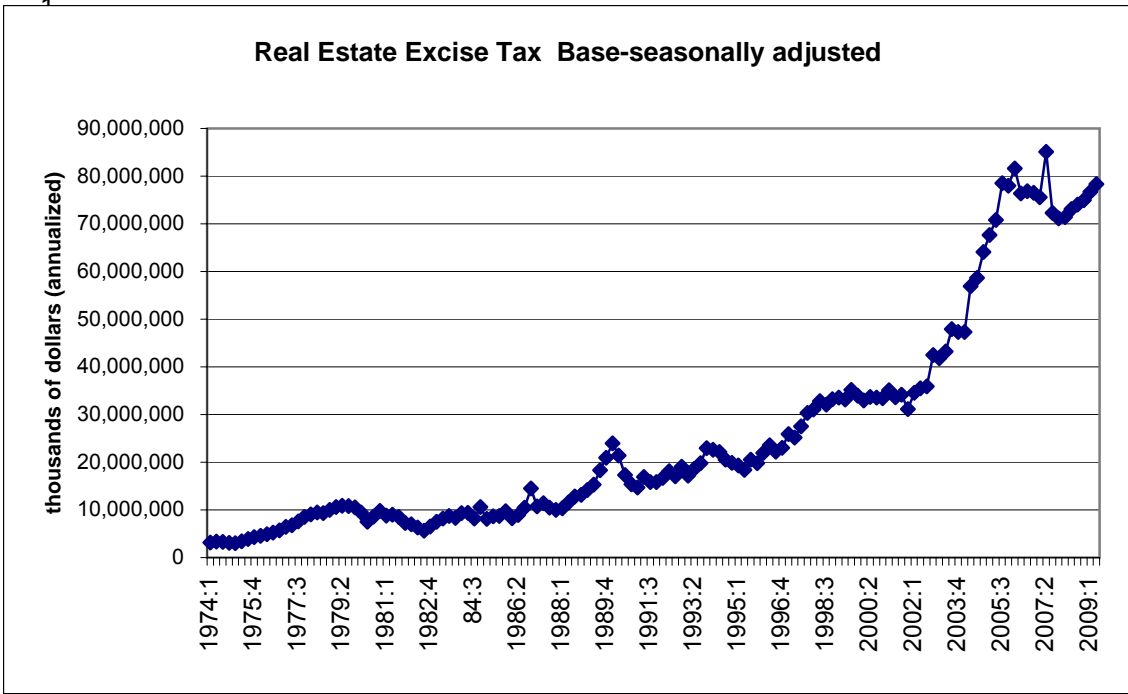
<u>Period</u>	<u>Decline of Taxbase</u>	<u>Number of Qtrs</u>	<u>Peak to Trough Difference in Mtg rate</u>
Peak: 1979:2 Trough: 1980:2	-31.0%	4	3.7
Peak: 1980:4 Trough: 1982:3	-42.1%	7	1.9
Peak: 1986:4 Trough: 1987:4**	-30.8%	4	1.2
Peak: 1990:1 Trough: 1991:1	-38.8%	4	(0.6)
Peak: 1993:4 Trough: 1995:2**	-19.8%	6	0.9
Peak: 1999:3 Trough: 2001:4	-11.3%	9	(1.0)
Average for all downturns	-29.0%	5.7	1.0
Ave.for non recession downturns**	-25.3%	5.0	1.0

June 2007 Forecast

Peak: 2006:1 Trough: 2007:4	-12.8%	7	0.1
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**Non recession downturns





Pattern of Monthly Growth in Major Revenue Sources

	Year-over-Year Percent Change	
	<u>Revenue Act*</u>	<u>Real Estate Excise Tax**</u>
Jan . 2006	11.5%	24.8%
Feb. 2006	12.4%	23.2%
Mar. 2006	12.0%	13.1%
April 2006	6.8%	-0.6%
May 2006	15.9%	15.6%
June 2006	10.0%	9.1%
July 2006	6.3%	3.9%
August 2006	12.4%	0.9%
Sept. 2006	8.5%	-9.9%
Oct 2006	9.0%	6.6%
Nov 2006	8.8%	-2.1%
Dec 2006	5.9%	-10.8%
Jan 2007	9.9%	-5.4%
Feb 2007	11.0%	-10.7%
Mar. 2007	8.8%	-6.6%
April 2007	9.2%	46.1%
May 2008	na	-5.1%

